

3. Report the gross amount of ore mined and waste moved, as well as the arrangement, positioning, or distribution of the material.
39,242 Tons electrolytic magnesium
4. Briefly describe the type of work performed, during the past year.
No surface mining took place during 2005.
5. How much **new or additional acreage** was disturbed during the past year? None
6. How much acreage was **reclaimed** during the past year? None
7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results. (Submit form MR-SITE for an application for full or partial bond/site release).
None
8. What is the **total disturbed acreage of entire** project at years end? 62.4 acres
9. Briefly summarize any mining and/or reclamation plans for the upcoming year.
There are no mining or reclamation plans for 2006
10. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

NOTE: Section III., "Additional Information" applies only to **large mining operations**.

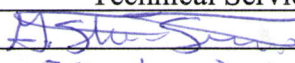
III. Additional Information – R647-4-121-2

1. **Include an updated map depicting surface disturbance and reclamation performed during the year, prepared in accordance with Rule R647-4-105.**

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print):
Title of Operator:
Signature of Operator:
Date:

G. Thomas Tripp
Technical Service Manager

20 Jan '06



US Magnesium LLC

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INTER-OFFICE MEMORANDUM

TO: Susan M. White – Utah Div. Of Oil Gas and Mining

DATE: 01/19/05

FROM: Tom Tripp

CC: Lee R. Brown
Mark Mesch
Daron Haddock
Don Silva

RE:

- On line 4. of Section I General Information – The mineral “magnesium chloride” is recovered from the water of the Great Salt Lake by solar evaporation ponds in the form of a solution of dissolved minerals.
- On line 5. of Section I General Information– The reference to a surface mine refers only to the solar ponding operation in the Stansbury Basin. There is no conventional surface mining being employed by US Magnesium at this time for the recovery of magnesium minerals.
- On line 3. of Section II Mining and Reclamation – The listed production, electrolytic magnesium, is an indication of the magnitude of US Magnesium’s annual activity. Electrolytic magnesium metal is an intermediate product (rather than finished) and is solely derived from magnesium chloride obtained from the waters of the Great Salt Lake. It is not however an exact measure of finished product.
- On line 4. of Section II Mining and Reclamation – The comment of no surface mining during the period connotes that the previous mining activity carried on by previous owners related to oolitic sand production did not occur during the period in question. As previously mentioned US Magnesium’s solar ponding operation was active during 2005.

If further clarification is required, please feel free to contact me.

G.T. Tripp
Technical Services Manager
US Magnesium LLC